

## ***3 Where APHIS Gets Its Funding***

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# 3

## ***Where APHIS Gets Its Funding***

### **Overview**

APHIS receives funding to carry out its mission from a variety of sources:

- ◆ Annual appropriation,
- ◆ Multi-year appropriation,
- ◆ No-year appropriation,
- ◆ User fees,
- ◆ Reimbursements from State and local governments,
- ◆ Reimbursements from other Federal agencies,
- ◆ Emergency transfers,
- ◆ Supplemental appropriation, and
- ◆ Trust funds.

### **Annual S&E Appropriation**

The Salaries and Expenses (S&E) Appropriation provides the largest share of APHIS funding. For Fiscal Year (FY) 2002, the S&E appropriation is \$620,490,000. This amount includes \$84,813,000 recovered through user fee collections for the Agricultural Quarantine Inspection (AQI) program. The AQI funding mechanism is very complex, as described below. Although we charge user fees for AQI activity, only some of the collections are available without appropriation action.

**Annual S&E  
Appropriation  
(Continued)**

Although the S&E appropriation is technically a single line (or “lump sum”) appropriation, Congress attaches House, Senate, and Conference Committee reports that specify amounts for approximately 40 individual programs (like AQI, screwworm, animal health monitoring and surveillance, brucellosis, wildlife services operations, and animal welfare). APHIS and the Department have always notified the Congress of any significant deviation from the program amounts and sought concurrence. However, APHIS allocates funds to its organizational units and allows some flexibility among the programs.

The APHIS appropriation is the result of a lengthy budget process that requires extensive and skillful planning, formulation, and justification. Details on that process are explained in Chapter 2 of this Manual.

**No-Year  
Appropriation**

No-year appropriations are provided to APHIS as part of the annual S&E appropriation. The appropriation language specifies an amount of the appropriation that is available for a specific activity and designates that the amount is available until expended. Each fiscal year must maintain its respective limits of new and carryover availability. Currently, APHIS has no-year authority for contingency, the Integrated Systems Acquisition Project (ISAP), buildings and facilities, boll weevil, up to 25% of screwworm, fruit fly exclusion and detection funds, and emerging plant pests.

**Contingency Fund**

The APHIS contingency fund is a no-year funding source included in the S&E appropriation. The contingency fund is used for emergency situations involving the control of outbreaks of insects, plant diseases, animal diseases, and for the control of pest animals and birds. Unlike the other programs, we need the Under Secretary’s approval to spend money from the contingency fund. For FY 2002, the Congress provided \$4,096,000 for the contingency fund. Programs receive releases from the contingency fund on an annual basis. This means that at year end, the unobligated balance loses any program allocation identity, and the carryover is not automatic for a given program allocation. All carryover spending must be approved by the Under Secretary.

**Contingency Fund  
(Continued)**

For example: If WS receives a contingency fund release in FY 2002 for wolf control of \$500,000, and they do not obligate the full amount by September 30, 2002, WS will have to start a new request in FY 2003 to retain the carryover funding (if they need it).

**Buildings and  
Facilities  
Appropriation**

APHIS also receives an annual appropriation for buildings and facilities (B&F), which is available to the Agency until expended. This appropriation funds ongoing maintenance and repair of existing APHIS-owned facilities and small scale construction projects. Generally, this appropriation does not contain amounts for specific projects; however, in past years, Congress has earmarked funds for certain projects and made certain stipulations in the appropriation language.

**Supplemental  
Appropriation**

Congress may provide additional funding after the Fiscal Year begins through a supplemental appropriation. Although these were rare in the 1990's as the Congress sought to balance the budget, we have received two that provide funding in FY 2002:

Animal Care Activities, P.L. 107-20

APHIS has received \$1.250 million for animal care activities in the FY 2001 Emergency Supplemental Appropriations Act. This is APHIS' first "multi-year" funding to date. The funding is available to spend in FY 2001 and FY 2002.

Homeland Security Supplemental (enacted as part of the FY 2002 Defense Department Appropriations Act), P.L. 107-17  
APHIS received \$119 million: \$11.5 million was to compensate for the loss of AQI user fee collections due to the September 11 terrorist activities and the remaining \$93.5 million was for other earmarked programs, and \$14 million for B&F to move the NVSL lab out of a strip mall in Ames, Iowa. The Act was signed and the apportioning of the funding required approval of our spending plan from the Department's Homeland Security Office and the Deputy Secretary.

**Multi-Year  
Appropriation**

APHIS received its first multi-year appropriation in Fiscal Year 2001. As its name implies, multi-year appropriations are available for funding new obligations for more than one fiscal year. However, unlike no-year appropriations, the appropriation language specifies when the appropriation will expire.

**Multi-Year  
Appropriation  
(Continued)**

The multi-year appropriation that APHIS received is the result of an Animal Care Supplemental appropriation; this particular appropriation is available for Fiscal Year 2001 and 2002.

**Agricultural  
Quarantine  
Inspection (AQI)  
User Fees**

The 1990 Farm Bill gave APHIS the authority to charge user fees for AQI activities at ports of entry; however, the Farm Bill also contained several clauses that restricted APHIS' access to these user fees. Consequently, the AQI user fee program operates differently than other reimbursable accounts.

The 1990 Farm Bill established a no-year fund in Treasury called the "Agricultural Quarantine Inspection User Fee Account" and specified that all fees collected for AQI services must be deposited into this account. This account is a receipt account (Treasury symbol 125161); obligations are charged to accounting codes under the 12X5161 expenditure account. APHIS must send a request to Treasury to reimburse APHIS from this account. When the request is approved, the revenue from the receipt account (125161) is transferred to the expenditure account (12X5161).

The authorizing legislation in the Farm Bill also specifies that Congress will continue to appropriate amounts for APHIS to use for AQI services. In essence, this means that the amount APHIS has available to spend for AQI work is still limited to an amount approved by Congress, regardless of how much revenue is in the AQI User Fee Account.

The Federal Agriculture Improvement and Reform Act of 1996 (FAIR) changed the way funding will be made available for the AQI program activities for which APHIS charges user fees. The change makes more funding available for most AQI activities and provides a mechanism to meet increased demands for the AQI service. The Act also exempts AQI activities from Governmentwide staffing ceilings. Lastly, the Act gave APHIS access to the cash reserve that had accumulated in the AQI receipt account, as of the end of FY 1996. APHIS was allowed to transfer that reserve to the AQI expenditure account, where it will remain until expended.

**Agricultural  
Quarantine  
Inspection (AQI)  
User Fees  
(Continued)**

The FAIR Act reform takes a phased approach to putting the AQI program on a true demand-driven use fee basis not subject to annual advance appropriations. The first step is to limit the amount of AQI appropriations subject to the general freeze on domestic discretionary spending to \$100 million, or about the FY 1995 program funding level.

The reform contemplated that Congress will continue to appropriate approximately \$100 million for the AQI activities covered by user fees. The key change is that APHIS will now have the authority to spend, without advance appropriations by Congress, any collections in excess of \$100 million.

However, every year since FY 1997, Congress actually appropriated less than \$100 million to APHIS; in FY 2002, Congress appropriated only \$85 million. The difference between the \$100 million and the lesser appropriations has to be covered by the reserve in the AQI expenditure account. The difference between the \$100 million and the amount that is appropriated (\$15 million in 2002, for example), remain in the user fee receipt account and are unavailable until FY 2003.

The last step of the FAIR Act reform will occur in FY 2003, when APHIS will have full access to all fees collected and will have the authority to spend funds without any advance appropriation by Congress. Congress will no longer appropriate the \$100 million; it will be available directly to APHIS along with the collections in excess of \$100 million. Congress will retain general oversight authority, but will not annually set spending limits.

**Reimbursements  
from State and  
Local  
Governments**

The Wildlife Services (WS) program performs services at the request of State and local governments. By statute, the Agency can credit these reimbursements directly to APHIS, rather than to the Treasury (absent such a statute, the funds would have to be credited to the Treasury). The amount of these reimbursements fluctuates from year to year, but on the average, APHIS receives about \$14 to \$16 million for WS services to State and local governments each year. These funds cover the costs of the services provided by WS and are only received when the services are requested and provided. APHIS records transactions related to these reimbursements in a no-year fund.

**CRADAS**

Reimbursements from Cooperative Research and Development Agreements (CRADAS).

Since 1994, the APHIS Appropriation has included authority to collect fees to cover the total cost of providing technical assistance, goods, or services requested by States, other political subdivisions, domestic and international organizations, foreign governments, or individuals. However, fees must be structured such that any entity's liability for such fees is reasonably based on the technical assistance, goods, or services provided to the entity by the Agency. These collections are classified as no-year. In FY 2002, PPQ anticipates \$100,000 of these collections.

**Reimbursements  
from Other  
Federal Agencies**

Under the Economy Act, an Agency can provide services to another Federal entity and receive reimbursement for the services. For example, APHIS provides wildlife services to the Fish and Wildlife Service and other entities; laboratory testing services to Agricultural Marketing Service; administrative services to other Marketing and Regulatory Program agencies; and various animal and plant health inspection, laboratory, and other services to a variety of other Federal agencies.

As with any reimbursable type of work, the revenue APHIS receives depends totally upon the demand for its services; however, the average amount that APHIS receives each year is about \$14.5 million. These are annual funds that do not carryover unobligated balances.

**Non-AQI User  
Fees**

The Farm Bill of 1990 gave APHIS the authority to charge fees that cover the costs of performing a variety of services related to importing and exporting animals, animal products, and plants. These are classified as no-year funds and average about \$45 million per year. APHIS has established recovery costs fees to:

- ◆ Inspect and quarantine animals imported into and exported from the United States,
- ◆ Inspect animal byproducts imported into or exported from the United States,
- ◆ Perform certain veterinary diagnostic laboratory services,



**Non-AQI User  
Fees (Continued)**

- ◆ Inspect shipments overseas that are bound for the United States (preclearance),
- ◆ Issue phytosanitary certificates for plant materials offered for export,
- ◆ Inspect wood packing materials imported into or exported from the United States,
- ◆ Endorse export health certificates for animals and animal products offered for export,
- ◆ Inspect for approval of slaughter and product establishments,
- ◆ Inspect for approval of biosecurity level three laboratories,
- ◆ Inspect germplasm being imported into and exported from the United States, and
- ◆ Perform inspection services outside of normal business hours.

**Reimbursable  
Overtime**

APHIS has the authority under the Import/Export Act, 7 U.S.C. 2226, to pay employees for performing inspection or quarantine services relating to imports into and exports from the United States for all overtime, night, or holiday work. This Act also authorizes the Agency to develop rates, to recover costs of performing service, and to accept reimbursement from persons for whom work is performed for services rendered after hours. APHIS charges for the additional overtime costs associated with providing inspection services normally performed during regular hours and covered by established user fees. For FY 2002, the Agency projects receiving approximately \$17.1 million for reimbursable overtime. The funds cover the costs of the services provided and we receive them only when we receive the requests to perform the work.

The authority that APHIS received in the Farm Bill to charge user fees has dramatically changed how APHIS charges reimbursable overtime. For a complete discussion of these changes, refer to Chapter 10 of this Manual.

**Trust Funds or  
Miscellaneous  
Contributed Funds**

APHIS receives revenue for certain activities that cooperators request from us. These activities might be for inspecting and preclearing certain fruits, vegetables, and nursery products before they are shipped to the United States, or for inspecting commercial birds in a Veterinary Services (VS)-approved commercial bird quarantine facility. All costs that APHIS incurs to provide these services are the responsibility of the cooperator, who must pay APHIS in advance for the services.

**Emergency  
Transfers**

To fulfill its mission of protecting animal and plant resources of the United States from diseases and pests, APHIS must be able to react immediately when pest and disease outbreaks threaten the economy. Public Law 97-46, enacted on September 25, 1981, granted the Secretary authority to assist on an emergency basis in controlling and eradicating plant pests and contagious or infectious animal and poultry diseases. The Law also empowered the Secretary to declare an emergency and transfer funds to APHIS, from any other Department account, to use for controlling or eradicating outbreaks of insects, plant diseases, and animal and poultry diseases to the extent necessary to meet emergency conditions.

Before APHIS can request that the Secretary declare an emergency and transfer funds, the Agency must consider whether it can redirect funds from a regular budget line item or if other means of funding the emergency are available. If the Secretary approves a Declaration of Emergency, funds are typically transferred from the Commodity Credit Corporation (CCC) fund and are provided to APHIS as no-year funds. In FY 2001, the Secretary transferred over \$335.5 million to APHIS under this authority. Through January 31, 2002, over \$22 million for FY 2002 was transferred.

**Departmental  
Transfers**

The APHIS annual appropriation provides funding for congressional relations. The Office of the Assistant Secretary for Congressional Relations provides funding to USDA agencies to maintain personnel for congressional relations at the agency level. APHIS receives these funds via a Non-Expenditure transfer. The funding is used to reduce the amount of appropriated funds needed for the Legislative and Public Affairs (LPA) support unit allocation.

**Departmental  
Transfers  
(Continued)**

The Department annually apportions funds to APHIS for Hazardous Materials Management (HMM). These activities include, but are not limited to, cleaning up underground pesticide storage tanks and animal dipping vats throughout the United States.

**Revenue Deposited  
into Treasury  
General Fund  
Receipt Accounts**

The previous sections of this Chapter have cited the specific authority that APHIS has to retain certain revenue. Absent specific authority to keep revenue, agencies must deposit collections into a Treasury General Fund Receipt Account. APHIS also collects revenue for some activities, which by law, must be deposited into a Treasury General Fund Receipt Account. If APHIS receives an appropriation from Congress to carry out certain activities and then charges someone else when it performs that activity and keeps the collections, it is essentially receiving money from two sources to fund the same activity. This practice also is referred to as augmenting an appropriation, which is against the law.

APHIS currently collects revenue from the following activities and deposits the proceeds into Treasury General Fund Receipt Accounts:

- ◆ Interest on overdue accounts,<sup>1</sup>
- ◆ Animal welfare licenses,
- ◆ Civil penalties, and
- ◆ Proceeds from sale of equipment.

More detailed information about the revenue and reimbursements that APHIS receives is contained in Chapter 10 of this Manual.

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<sup>1</sup> APHIS has specific authority to keep interest collected on overdue user fee debts; all other interest must be deposited in a Treasury General Fund Receipt Account.